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Stakeholder Analysis

Stakeholder analysis is a strategic entry point for social analysis and participatory work, since it attempts to answer questions such as: who are the key stakeholders? what are their interests in the project or policy? what are the power differentials between them? and what relative influence do they have on the operation? Systematic analysis of this information enables the identification of institutions and relations which, if ignored, can have negative influence on projects and policies or, if considered, can be built upon to strengthen projects and policies.

Stakeholder analysis generates substantive information that is critical to planning, executing and monitoring sustainable development projects and it sets in motion the process of participatory work. This tool enables task teams to understand the context of a project or policy. Analysis of the perspectives of people who have potential interests in, or who can influence, project or policy success enables strategic planning for their involvement.

This is a particularly good example of a tool that can be used in a participatory way, or in a top-down way that only pays lip service to participation. Ideally, stakeholder analysis is not an activity carried out by Bank staff alone, although sitting together at headquarters to discuss the following questions and plan the involvement of government partners and other interested stakeholders is a necessary first step. The more people involved in the brainstorming, the more likely a task team will get the full picture of the range of stakeholders, and a realistic picture of their interests, influence, and power.

Stakeholder analysis seeks answers to the following kinds of questions:

- What stakeholder role is assumed for project/policy success?
- Are these assumptions realistic?
- What positive responses are expected?
- What would be the impact of the absence of such responses?
- What can be done to encourage stakeholder support?
- What negative responses are expected?
- What would be the impact of negative responses?
- What can be done to mitigate negative responses?
  Answers to these questions enable task teams to determine who participates, how much they participate, and when they participate.

A Four-Step Process

Step 1 - Identifying Key Stakeholders

The purpose of this first step is to narrow the field of stakeholders from all those who potentially affect or are affected by the proposed project or program into the key stakeholders whose involvement will be sought. This purpose can be served
by a simple list, that is generated by answering the following types of questions.

- Who are potential beneficiaries?
- Who might be adversely impacted?
- Have vulnerable groups been identified?
- Have supporters and opponents been identified?
- What are the relationships among stakeholders?

When answering the questions above, consider the borrower, beneficiary, affected groups, other interested groups and the Bank to be categories of stakeholders, and remember that stakeholders can be individuals, communities, social groups, organizations, etc.

The list which results from this exercise can be input into a series of stakeholder tables which are used to organize information about interests, power, influence and involvement of each key stakeholder or group

Step 2 - Determining Stakeholder Interests

Some stakeholder interests are more obvious than others. It is important to remember that many interests are difficult to define, especially if they are 'hidden,' multiple, or in contradiction with the stated aims or objectives of the organization or individual. To focus the inquiry, remember to relate each stakeholder to the proposed objectives and activities of, the specific project or policy. The following questions should guide the inquiry into the interests of each key stakeholder or group:

- What are the stakeholder's expectation of the policy/project?
- What benefits are there likely to be for stakeholders?
- What stakeholder interests conflict with project/policy goals?
- What resources might the stakeholder be able and willing to mobilize
- In some cases, the questions above can be answered through review of secondary information. Often, however, some degree of social analysis or participatory consultation will be necessary to determine the answers.

Step 3: Determining Stakeholder Power and Influence

Power and influence refer to the effect stakeholders can have on a project or policy, for example to control what decisions are made or to facilitate or hinder its implementation. Stakeholders' interrelationships are as critical to consider as their individual relationship to the project or policy. The following questions are a good starting place for organizing information about social, economic, political and legal status, authority, control, and relative negotiating positions among
stakeholders:

- What are the relationships between the various stakeholders? Who has power over whom? Who is dependent on whom?
- Which stakeholders are organized? How can that organization be
  influenced or built upon?
- Who has control over resources? Who has control of information?
  The answers to these questions reveal the kind of support that is needed for a given project or policy and which stakeholders are in the best position to provide that support.

Step 4: Formulating a Stakeholder Participation Strategy

The plan for stakeholder participation should take into account interests, influence and power, as well as level and timing of participatory activities. These three factors can be considered in a series of three stakeholder tables.

References

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